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FRANCISCAN MINISTRIES GUIDANCE DOCUMENTS

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FRANCISCAN MINISTRIES GUIDANCE ON REAL ESTATE TRANSACTIONS

It is the intent that the entire process is collaborative. This guidance document is designed to answer the question: What are the general characteristics the Trustee (Franciscan Ministries) looks for when approving a real estate transaction? It will also outline some process considerations. This includes, but is not limited to, purchases, sales, donations, lease signing and/or lease extensions.

While the decision to engage in any real estate transaction is the sole authority of the Trustee and does not require the approval of the local ministry board, as a matter of practice, the Trustee typically seeks counsel from the board on real estate matters before making the final decision.

Decision-making Matrix for Real Estate Transactions

| RACI | Task | Stakeholder |
|---------------------|-------------------------------|--|
| <u>R</u> esponsible | Final Approval | Franciscan Ministries (Trustees) |
| <u>A</u> ccountable | Implementation and Compliance | Ministry Board Executive Director |
| <u>C</u> onsulted | Input and recommendation | Franciscan Ministries Board Ministry Board |
| <u>I</u> nformed | Decision detail dissemination | Ministry Board Executive Director Senior Staff |

A Collaborative Process

The decision of entering a real estate transaction can be one of the most significant purchases a ministry can make. It can have long lasting ramifications on the site and while it may greatly support short term needs, it can impede the ability to support the long-term goals of the ministry. The process, as described in the bylaws, is for the Trustee (FM) to approve all transactions. To do this, the Trustee generally relies on a recommendation from the board. Though the Trustee relies heavily on the board recommendation, it is the Trustee’s responsibility to make an independent assessment of the transaction before approving it.

The most successful process is one where Boards and Trustee are aligned on the requirements and characteristics needed for the transaction from the start and that at least one Trustee participates in the process. This collaboration will significantly increase the likelihood of Trustee approval and the satisfaction of all parties that we have made the right decision supporting the strategic mission of the ministry.

Process Considerations

1. Make clear how the proposal aligns with the ministry's strategy and long-term goals
2. We encourage you to do an analysis of the utilization of your current property to assess if there are other options
3. Proposal should include feedback/recommendations by professionals such as realtors, legal, environmental, etc.
4. If the project is dependent on city approval or zoning, the Trustee recommends engaging the city before a proposal is submitted to the Trustee to ensure there are no restrictions.
5. Including a risk assessment of the project is encouraged.
6. Board/Trustee Collaboration: The Trustee recommends that an FM board member be on the committee exploring real estate transactions.
7. Boards will be notified of the Trustee decision

The request should also address what are the long term needs of the site and/or ministry. Some examples of questions that the proposal should address are as follows:

1. Are there new services you are looking to offer that the existing site cannot support?
2. Are we optimizing the space we currently have?
3. Have we engaged with a broker and/or landlord?
4. Have we completed an assessment of the area to evaluate all options?
5. Do we know what obligations we would be assuming with the targeted property?
6. Have we engaged with the city on specific zoning requirements?
7. Do you have the means to support the cost of the property?

Key Considerations of the Trustee when making a decision on real estate transactions:

1. Does proposal align with ministry strategy and province goals?

2. Has a case been made that this transaction is beneficial and the best option available?
3. Are the risks and opportunities clearly understood?
4. Is the proposal based the analysis and recommendations of professionals?
5. How will the project be funded?
6. What contracts are involved and have they been reviewed by an attorney?
Are the terms reasonable?
7. What liability will be assumed by the ministry?

It is important to reinforce that this should be a collaborative process, and asking for help early in the process is encouraged.

A separate document is also available for recommendations and best practices on how to approach a lease/purchase of property. This document is available through the Franciscan Ministries Office upon request.

**FRANCISCAN MINISTRIES GUIDANCE
On FINANCIAL BUDGET PROCESS**

This guidance document is designed to answer the question: What are the general characteristics the Trustees look for when approving the financial budget? It will also outline some process considerations.

Decision-making Matrix for Financial Budget Process

| RACI | Task | Stakeholder |
|---------------------|---|-------------------------------|
| <u>R</u> esponsible | Final Approval | Franciscan Ministries (Board) |
| | | |
| <u>A</u> ccountable | Implementation and Compliance | Ministry Board |
| | | Executive Director |
| | | |
| <u>C</u> onsulted | Input and recommendation | Franciscan Ministries CFO |
| | | Province Finance Council |
| | | Ministry Board |
| | | Executive Director |
| | | |
| <u>I</u> nformed | Approved budget information dissemination | Ministry Board |
| | | Executive Director |
| | | Senior Staff |

A Collaborative Process

A financial budget is critical to both the short and long term viability of the success of a ministry in that it can help align strategic programs to that of financial targets, as well as help support justifications for additional funding of new programs. Although the budget must be aligned and approved by the local leadership team, ensuring support of the trustees is crucial for alignments to the province as a whole.

Process Considerations

Two months prior to the start of the fiscal year, it is time to review operating budgets for the following year, as well as discuss cash flow and your strategic plans. It is recommended that the following be provided prior to the review with FM:

1. The same information prepared for your leadership team that represents the income, expenses, and cash flow projections
2. A summary (one to two-page) narrative that lays out commentary for performance against last year's objectives and financial budget, any updates to mission and strategic objectives for this year, and commentary on the 2022 - 2023 proposed budget aligned to your ministry's mission objectives. The narrative should also include a recommendation from the members to the Trustees regarding approval.
3. Self-assessment financial guide (green, blue, yellow, red). A sample is in the appendix.

Key Considerations of the Trustee when deliberating on budget approval:

1. Does the budget align with ministry strategy and goals?
2. Have the programs been funded for success?
3. Are the financial risks and opportunities clearly understood and in balance?
4. Is the budget realistic?
5. Does the leadership team support the budget?

Once the budget has been reviewed by the Trustee, feedback will be provided as to next steps, either follow up questions, or approval. It is recommended that the questions be addressed within 10 days of receiving them so that the budget is approved day 1 of the new year.

Appendix A Self-Assessment Financial Guide

As part of the budget submittal, all budgets must include the following self-assessment

Financial Assessment Discussion Guide Institutions and Province Self Assessment

Date: _____

| | | | | | | |
|----------|----------------------------|--------------------------------|---------------------------------|-----------------------------|----------------------------|------------------------|
| | Overall Score ¹ | Categories | | | Overall Trend ⁵ | Overall Trend Comments |
| Location | | Financial Control ² | Financial Strength ³ | Sustainability ⁴ | | |
| | | | | | | |

Assessment

- Strong position
- Opportunity for improvement
- Needs attention
- Areas of concern

¹ Overall Score

² Financial Control

³ Financial Strength

⁴ Sustainability

⁵ Overall Trend

Trend versus LY

Overall evaluation considering Control, Strength and Sustainability results
 Considers quality of financial information, financial skills and oversight relationships
 Financial performance relative to break even and balance sheet resiliency
 Financial trends (net surplus/deficit/flat), development performance trend, general succession planning for key roles
 Future trend considering history and new strategies

- Strengthening
- About the same
- Weakening

FRANCISCAN MINISTRIES GUIDANCE ON THE SOLIDARITY CONTRIBUTION

Rooted in our Franciscan tradition and charism, our philosophy of solidarity contributions is developed to support a practical expression of care for the ministry of the province enlivened at individual ministries. "It grows increasingly true that the obligations of justice and love are fulfilled only if each person [in this case, each provincial entity], contributing to the common good, according to his own abilities and the needs of others, also promotes and assists the public and private institutions dedicated to the bettering of human life". (Gaudiam et Spes, #30) We live in a reciprocal relationship of individual and communal concerns and benefits. As we continue to develop the articulation of a shared Franciscan culture and vision, we now have the opportunity to express this through sharing our common financial and talent resources. We are all strengthened by our free choice to be in partnership.

Historically, the ministries of the Province of St Barbara have supported the needs of the province through solidarity contributions in which a portion of their revenues were used by the province to provide for the continuation of the charism as well as staff that support the ministries. This approach will continue as the province joins the Province of Our Lady of Guadalupe and Franciscan Ministries assumes many of the staff functions previously provided by the Province of St Barbara.

Solidarity contributions are very scripturally based as we hear in the story of the woman giving her last two coins to the temple (Mark 12:41-44) and Jesus saying that "Much will be required of the person who is entrusted with much, and still more will be demanded of the person entrusted with more." (Luke 12:48) Beyond that, the solidarity contribution recognizes the interconnectedness of all the ministries in the Western US. We are all part of the Franciscan movement that has been passed down from the friars as they evangelized in the areas we serve. Obviously, different ministries have different capabilities in fulfilling their solidarity contribution obligation, so the guidance given is provided as a range which will be expected to be part of the annual budget of the ministry. The target percentage for the solidarity contribution is 4% of revenue, but no less than 2% of revenue.

This contribution will allow FM to provide support to the ministry in areas of mission integration support, finance, operations, real estate, insurance, legal, and

many other services as requested. Also included as part of the service is support in areas of best practices as collected from other ministries across the United States to support improved efficiencies in the ministry's daily operations. This fee should be budgeted as a contribution to FM in a quarterly payment cycle, or as discussed with FM as part of the budget review.

**FRANCISCAN MINISTRIES GUIDANCE
SELECTION & APPOINTMENT of an EXECUTIVE
DIRECTOR/CEO/President**

A Collaborative Process

Selecting an Executive Director/CEO/President is one of the most important decisions made by our Trustees and Boards. The process, as described in the bylaws, is for the Trustees (FM) to appoint the person. To do this, the Trustees generally rely on a recommendation from the board. Though the Trustees rely heavily on the board recommendation, it is the Trustee’s responsibility to make an independent assessment of the candidate before appointing them.

The most successful process is one in which Boards and Trustees are aligned on the requirements and characteristics needed for the position from the start and that at least one Trustee participates in the Selection Committee. This collaboration will significantly increase the likelihood of Trustee approval and the satisfaction of all parties that we have found the best possible candidate.

This guidance document is designed to answer the question: What are the general characteristics the Trustees look for when appointing an Executive Director? It will also outline some process considerations.

**Decision-making Matrix for Selection & Appointment of an Executive
Director/CEO/President**

| RACI | Task | Stakeholder |
|---------------------|-------------------------------|---|
| <u>R</u> esponsible | Final Approval | Franciscan Ministries (Board) |
| <u>A</u> ccountable | Implementation and Compliance | Ministry Board |
| <u>C</u> onsulted | Input and recommendation | Franciscan Ministries Board Ministry Board - Full Ministry Board - Nominating Committee |
| <u>I</u> nformed | Decision detail dissemination | Ministry Board Senior Staff |

Process Considerations

1. Succession Planning: Did/does the board have a succession plan in place? If so, is this board's recommendation aligned with the plan? If an internal candidate is being recommended, Trustees will want to know what kind of development has been done to prepare the person for the role, what gaps still exist and what the plan is to address those gaps.
2. Board/Trustee Collaboration: Trustees recommend that an FM board member be on the selection committee.
3. Candidate Acknowledgements: Before recommending a candidate to the Trustees, the board must ensure that the candidate has acknowledged that they have read the pamphlet, *What You Need to Know About Leadership & Governance in a Franciscan Sponsored Ministry.*
4. Trustee interviews: Trustees require that a candidate recommended for ED receive a final interview with two FM members (not on the ministry's board) prior to appointment.
5. Recommendation for an ED should be sent to the Trustees in writing and include:
 - a. CV or Resume
 - b. Write-up and recommendation by the board including the candidate's experience or connection with Franciscan ministry and their expressed willingness to work within our governance structure and to engage in on-going Franciscan formation. It helps if it addresses the key characteristics A-F below and describes areas where they will need development and the plan to provide it.
 - c. Acknowledgement that the candidate read and understands, *What You Need to Know About Leadership & Governance in a Franciscan Sponsored Ministry.* (to be drafted)
 - d. Notes on the feedback received from reference checks
6. Boards will be notified in writing of the Trustee's decision regarding a candidate's appointment.

Key Characteristics of an Executive Director

Each ministry will have different needs regarding the specific industry knowledge and skills their ED needs to successfully lead their ministry. However, there are certain characteristics that have been found to be good indicators of success.-The Trustees will heavily weigh the following:

- A) Does the candidate identify as Franciscan? If not, what is their religious/philosophical orientation and how does it reconcile with a Catholic, Franciscan ethos.

- B) Do they have prior involvement or experience with a Franciscan ministry? If not, what other kind of religious or non-profit experience do they have and how does it fit with our sponsored ministry?
- C) Are they currently engaged in personal, ongoing, spiritual formation? Have they committed to participating in ongoing Franciscan formation?
- D) Are they relationship oriented?
- E) Do they have experience working with a board?
- F) Do they possess the following skills/experience?
 - Experience managing a diverse and multicultural staff to meet strategic goals
 - Strong oral and written communication skills
 - Collaborative management style
 - Finance, HR, and strategy development experience consistent with the size and complexity of the ministry they will lead.

FRANCISCAN MINISTRIES GUIDANCE ON SELECTION & APPOINTMENT of BOARD MEMBERS

A Collaborative Process

Selecting a Board Member is one of the most important decisions our Trustees and Boards make. The process, as described in the bylaws, is for the Trustees (FM) to appoint Board members. To do this, the Trustees generally rely on a recommendation from the board. Though the Trustees rely heavily on the board recommendation, it is the Trustees responsibility to make an independent assessment of the candidate before appointing them.

This guidance document is designed to answer the question: What are the general characteristics the Trustees look for when appointing a Board member? It will also outline some process considerations.

Decision-making Matrix for Selection & Appointment of Board Members

| RACI | Task | Stakeholder |
|---------------------|-------------------------------|--|
| <u>R</u> esponsible | Final Approval | Franciscan Ministries (Board) |
| <u>A</u> ccountable | Implementation and Compliance | Ministry Board |
| <u>C</u> onsulted | Input and recommendation | Ministry Board - Full Ministry Board - Nominating Committee |
| <u>I</u> nformed | Decision detail dissemination | Ministry Board Executive Director Senior Staff |

Process Considerations

1. Application – Trustees recommend boards have an application for prospective board members that allows them to provide information around those areas most important to the board.
2. Selection/Governance Committee – Trustees recommend that a FM member is on the committee and that the committee members have a complete and shared understanding of the ministry’s two-tiered governance structure and

this document before embarking on a search. Most importantly, there must be clarity around the fact that board members report to the Trustees and are entrusted with representing the Trustees. Without this understanding, it is easy for people to assume they are representing the ministries and not understand the larger context of their commitment to the Franciscan friars, the Catholic Church, and the worldwide Franciscan movement.

3. Candidate Acknowledgements: Before recommending a candidate to the Trustees, the board must ensure that the candidate has acknowledged that they have reviewed the PowerPoint on Governance, Mission & Tensions.
4. Trustee interviews
5. Recommendation for a new board member should be sent to the Trustees in writing and include:
 - a. CV or Resume
 - b. Write-up and recommendation by the board including the candidates experience or connection with Franciscan ministry and their expressed willingness to engage in on-going Franciscan formation.
6. Boards will be notified of a candidate's appointment (or reason for not appointing).

Key Characteristics of a board member:

Each ministry will have different needs regarding the specific industry knowledge and skills they need from board members but there are certain characteristics that the Trustees feel strongly about and weigh heavily in their deliberations. Please address these in your recommendation to the Trustees

- A) The candidate has a basic understanding of Franciscan values.
- B) They have committed to ongoing Franciscan formation
- C) Their religious or philosophical affiliation is compatible with the Catholic faith
- D) They have prior involvement or experience with a Franciscan ministry or other kind of religious or non-profit.
- E) They have some form of board experience

FRANCISCAN MINISTRIES GUIDANCE ON DEVELOPING A STRATEGIC PLAN

I. A Collaborative Process

A Strategic Plan outlines the direction of an organization. It identifies how an organization will allocate their resources to achieve a desired future state.

Strategic Plans are created by each sponsored ministry and submitted to the Trustees (FM) for approval. This process is easiest when Ministries and Trustees begin a discussion at the start of the process. This document answers the question, what process and content considerations will the Trustees be weighing most heavily when considering a strategic plan for approval?

Decision-making Matrix for Developing a Strategic Plan

| RACI | Task | Stakeholder |
|---------------------|-------------------------------|---|
| <u>R</u> esponsible | Final Approval | Franciscan Ministries (Board) |
| <u>A</u> ccountable | Implementation and Compliance | Ministry Board Executive Director Senior Staff |
| <u>C</u> onsulted | Input and recommendation | Franciscan Ministries (President) Ministry Board |
| <u>I</u> nformed | Decision detail dissemination | Franciscan Ministries (President) Executive Director Senior Staff |

II. Process Considerations:

1. Inclusion: Our ministries exist within the context of its local community, our Franciscan Province, and the worldwide Franciscan movement. They exist within time and are affected by micro and macro trends. We suggest that perspectives be solicited from a wide array of stakeholders.
2. Ongoing Dialogue: No one likes being presented with a “baked cake” and asked to rubber stamp it “approved”. Engaging the Trustees at the start and periodically throughout the strategic planning process will result in a dialogue that is likely to facilitate alignment and approval.
3. Financial Context: Strategies should be considered with the context of a financial forecast. During each budget cycle, ministries will be asked to clearly connect the budget to the strategic plan.
4. Plans are approved in whole. Objectives should be high level but with enough detail that Trustees are approving a plan not just a concept.
5. Ministries will be asked to present their strategic plan to the FM board.

III. Content FM will be looking for when asked to approve a Strategic Plan:

1. It is grounded in mission and Franciscan ministerial values (outlined in Strategic Planning Document approved by Definitorium in July 2021)
2. Its mission is aligned with the Provincial ministerial vision and guidelines for mission and Franciscan Identity (approved by Definitorium XXXX)
3. It envisions collaboration and support of the province and other sponsored ministries
4. It meets identified needs of the local community within the context of the “signs of the times.”
5. It identifies the strengths and weaknesses of current programs and initiatives and ensure they are of a sufficiently high quality prior to recommending new ministry programs or initiatives.
6. It is financially sustainable
7. It contains SMART goals:
 - a. S – specific
 - b. M – measurable
 - c. A – assignable
 - d. R – realistic
 - e. T – time-related

FRANCISCAN MINISTRIES GUIDANCE ON MISSION INTEGRATION

I. Mission Integration – A leadership priority

Mission Integration is a key responsibility and an ongoing priority for the boards and management of every sponsored ministry. They are responsible for ensuring that the friar's legacy lives on as they advance the Franciscan movement. Their role is to ensure that a Franciscan culture based on Franciscan values is evident and widespread in their ministry and that they are governing based on our governance structure.

II. Mission Integration Support:

Franciscan Ministries Office of Mission Integration and Ministry Support is there to assist and support ministry leadership in this critical role. The office is available to customize education and experiences for each ministry including parishes but there are specific activities and tools (i.e., newsletters, videos, etc.) have been created and are participated in by all sponsored ministries.

III. Mission Integration Expectations

1. Mission Integration Plan

Ministries are asked to create an annual mission integration plan outlining what specific activities they will undertake to advance mission in their organization. A template will be provided but each ministries plan will be unique based on their needs. The Office of Mission Integration will approve the plans and check in twice a year to discuss their progress.

2. Mission Integration Assessment

Before FM arrives for its annual visit, ministries will be asked to perform a mission integration assessment for discussion. An assessment template will be provided.

3. Board Retreat

Each spring, board chairs and EDs are invited to attend a two-day retreat.

4. Legacy Day

Once a year, a day is set aside to participate in a province wide celebration focused on a specific Franciscan value and designed to create connection and community among ministries.

5. Pilgrimage

Every 12-18 months, ministries will be invited to send one or two ministry members on a pilgrimage to Rome & Assisi. These pilgrimages deepen our understanding of the Franciscan movement and create community and collaboration

6. Soon to come...Board Orientation for all new board members.

Decision-making Matrix for Mission Integration

| RACI | Task | Stakeholder |
|---------------------|----------------------------------|---|
| <u>R</u> esponsible | Final Approval | Franciscan Ministries (Board) |
| | | |
| <u>A</u> ccountable | Implementation and Compliance | Ministry Board |
| | | Executive Director |
| | | |
| <u>C</u> onsulted | Input and recommendation | Franciscan Ministries Mission Integration Office |
| | | Ministry Board |
| | | Senior Staff |
| | | Staff |
| | | |
| <u>I</u> nformed | Decision detail dissemination | Ministry Board |
| | | Executive Director |
| | | Senior Staff |
| | | Staff |